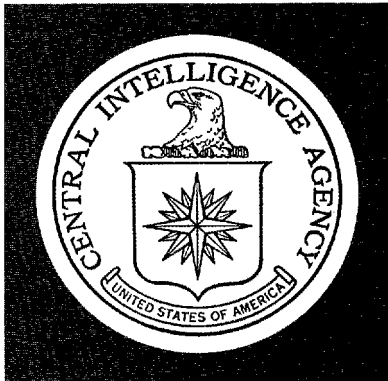


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25X1 [Vietnam: A Viet Cong rallier, who reportedly attended a Communist indoctrination course [] has shed some light on future Communist military and political tactics. 25X1

The rallier's account reinforces other indications that the enemy has scaled down its short-term military objectives and intends to concentrate on improving its political operations. The high-level cadre who conducted the indoctrination admitted that the Communists could not achieve a military defeat of the allies, but he told the group that world opinion was forcing the US to withdraw troops. He predicted that this was the first of many similar "political" victories to come. Despite the shift in focus from the military to the political, the indoctrination group was informed that major attacks by regular troops are planned against cities in the western delta. The enemy has, in fact, recently reinforced this area.

The indoctrination course, according to the rallier's account, also provided some general guidelines on preparations for eventual elections in South Vietnam. The guidelines were vague on the timing of elections, but it was suggested that they could occur under any of several circumstances, such as when there is "significant" unrest or dissatisfaction with the Thieu regime, or after a major portion of US troops had pulled out of the country.

Discussions of allied pacification efforts in the course acknowledged that the Communists were being hurt by the program, but the cadre giving the course were relatively sanguine about being able to cope with its long run effects. The cadre said that government pacification forces were too spread out, and that because they move on after a short period, aggressive action by local Viet Cong cadres should be able to destroy what the pacification forces accomplish. [] 25X1

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USSR-Romania-US: The current issue of the Soviet propaganda journal New Times contains the sharpest comment yet published on President Nixon's visit to Romania.

New Times charged "American ideologists" with advocating the extension of trade agreements and license contracts to promote nationalist forces in Eastern Europe. The article warned that "any machination whatever against socialism" would "inevitably" evoke resistance from the Soviet Union. New Times avoided names, but the article's applicability to Romania and the President's trip is clear.

The article's publication in New Times, which is not an authoritative party or state organ, suggests that the Soviets did not want to commit themselves to a specific position at this time. Nevertheless, a deputy editor of the journal called the article to the attention of the US Embassy last week, which suggests that it is meant as an "unofficial" statement of Soviet policy.

Moscow's displeasure with Romania has also been made clear by the protocol snub involved in the choice of a relatively low-ranking party secretary, Konstantin Katushev, to head the Soviet delegation to the Romanian party congress. Katushev--a Brezhnev protégé--will most likely bring up the President's trip and the general orientation of Romanian foreign policy. The inclusion of the chief of the Kharbarovsk regional party organization in the delegation suggests that the Soviets probably will also push privately their views of the Sino-Soviet border conflict on the neutral Romanians.

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South Korea: President Pak now appears to have enough National Assembly votes to pass a constitutional amendment permitting him to seek a third term in 1971.

Pak's public threat on 25 July to resign unless the amendment passes apparently has convinced many holdouts that they have no choice but to acquiesce or face political upheaval. Their support is not without its political price, however. It is not known just what Pak agreed to, but the dissidents' demands included a crackdown on official corruption, the ouster of key members of Pak's inner circle, and a sharp curtailment of the security apparatus' involvement in domestic political affairs.

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El Salvador - Honduras: The two countries are no closer to resolving their differences than before the war, and domestic pressures can be expected to keep tensions high.

Although hostilities have ceased and Salvadoran troops have been withdrawn from Honduran territory, the two governments appear to be working at cross purposes. While Honduran President Lopez was speaking on national radio and television in an attempt to defend his country's poor military performance, El Salvador was rubbing salt in the wounds with preparations for a victory celebration today.

Difficulties have arisen also in arranging for the release of prisoners of war. El Salvador has decided not to go ahead with the planned exchange unless the 13,000 Salvadoran detainees in Honduras are released. These people have been held in part for their own protection, and in part because the Hondurans believe they constitute a fifth column.

The primary problem continues to be Salvadoran emigration to Honduras. El Salvador has used Honduras as an escape valve for its surplus population and has sought OAS guarantees that Salvadorans would receive equal treatment and full protection in Honduras.

Honduran public opinion, however, is now bitterly anti-Salvadoran. Workers' groups have renewed demands for deportation of the large number of Salvadorans illegally in Honduras and have called for strict enforcement of laws limiting the employment rights of foreigners. In response, President Lopez has already indicated that the OAS resolutions to protect Salvadoran immigrants would not affect Honduran laws.

Public antagonism toward El Salvador can be expected to grow as the extent of the pillaging done

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by Salvadoran troops becomes more widely known, and pressure will probably mount for a massive program of arms purchases to counter El Salvador's continued stockpiling.

Another reaction may be a refusal to restore commercial relations with El Salvador and a continued boycott of Salvadoran goods. Some Honduran officials have already threatened to withdraw from the Central American Common Market, and efforts are already being made to secure new markets in Venezuela and Spain for agricultural goods that formerly went to El Salvador.

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Western Europe: A new crisis developing in the European Launcher Development Organization (ELDO) has caused some officials to fear for the survival of the multilateral space effort in Europe.

ELDO recently submitted to the European Space Conference a report which estimates that the cost of using a European-produced launch vehicle for satellites will average \$21.5 million per launch. Subsequently, the committee of senior officials of the conference requested that Hermann Bondi, secretary general of the conference, ask US authorities what the prospects are of an American-made launcher being made available for the Eurovision satellite.

Bondi argues that the enormous cost makes it foolhardy for Europe to pursue independently the development of a launch vehicle. He believes that the cost of the independent vehicle, by adding unrealistically to the burden of space costs already being carried by the member countries, could lead to the strangulation of Europe's multilateral space program.

ELDO has continually suffered from serious financial problems. Britain and Italy have recently reduced their contributions substantially, and Britain is withdrawing entirely by the end of the year. Of the remaining members--France, West Germany, Belgium, and the Netherlands--all but the Netherlands have been required to put up additional contributions to substitute for the British and Italian reductions.

Bondi has asked for an early meeting with US officials in Washington to discuss the use of an American launcher.

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Philippines: Leading officials are perplexed over the prospect of basic changes in relations with the US.

Filipinos were taken aback by indications during the recent presidential visit to Manila that the special relationship between the Philippines and the US was coming to an end, even though attacking close ties with the US has been a safe, standard theme of Philippine politicians.

The absence of commentary on recent US statements by prominent Philippine political leaders suggests that they have found the implications too far-reaching to assess at this early stage. Manila undoubtedly will be apprehensive over the effect a looser relationship might have on economic preferences and security guarantees accorded by the US. The almost total national preoccupation with the presidential election campaign, however, may delay any early direct reaction.

The Philippines will scrutinize US actions and statements to try to ascertain the effect of US intentions toward the Philippines on specific Philippine interests. Despite periodic nationalistic statements, current indications are that Manila would prefer a tightening, rather than a loosening, of relations with the US.

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Nationalist China: The Nationalists are using their recent decision to reduce and modernize the oversized armed forces as leverage for obtaining additional US military equipment.

Vice Premier Chiang Ching-kuo emphasized to Secretary Rogers last week that the changes must not reduce combat effectiveness--a reminder that significant troop reductions will require more US equipment. Specifically, Chiang mentioned Taipei's desire for M-16 rifles and underscored Taiwan's recent request for four US surplus submarines. Chiang probably will make further requests for military aid when he visits the US next February. He no doubt believes that more aid will help ensure support of the proposed troop reduction by the top levels of the government, particularly by the armed services.

Many high-ranking Nationalist officials have opposed force reductions in the past because this might be interpreted as abandonment of the goal of returning to the mainland and thereby undermine the legitimacy of their rule on Taiwan. On the other hand, [redacted] domestic economic priorities in part led these officials to recognize the need for reorganizing the expensive military establishment. [redacted]

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Hungary-US: Budapest has shown a new willingness to resolve its problems with the US. This development may reflect Soviet tactical interest in detente.

A concession, minor in itself, on US Embassy financial operations is the first positive response to US requests in many years. The US ambassador sees it as a "significant breakthrough" before the coming joint review of the entire range of bilateral issues. These include the settlement of long-standing financial claims, restrictions on embassy activity, and an agreement on cultural relations.

The Hungarians undoubtedly are taking their cues from Moscow. They have always been cautious in dealing with the US, acting only after coordination with the Soviets.

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Venezuela-Colombia: Venezuela's President Caldera is visiting Colombia to improve relations between the two countries and to give himself a boost at home.

Normally good relations between Venezuela and Colombia have been suffering lately from Venezuela's failure to join the Andean pact, from a lack of definition of the coastal boundary, and from a sharpening of the perennial problem of large numbers of Colombians who cross the border illegally to seek work in Venezuela.

The four-month-old Caldera administration is feeling the effects of an economic slowdown, uncertainty over prospects for its oil industry, political opposition in Congress that has immobilized the government's legislative program, and a power struggle within the governing party. As a result, Caldera has been criticized both for ineffective government and for autocratic rule.

The occasion chosen for the visit is the 150th anniversary celebration of the Battle of Boyaca, which eliminated Spanish power from Colombia. [REDACTED]

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